

TOWN OF CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012



East Feliciana Parish Courthouse Circa 1840

Mayor

Lori Ann Bell

Board of Aldermen

Johnny Beauchamp  
George Kilbourne  
Clovis Matthews, Sr.  
Lisa Davis Washington  
Kim Wilson Young

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 21 2013

**TOWN OF CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>BASIC FINANCIAL STATEMENTS</b>	
Independent Auditors' Report.....	1
Required Supplementary Information (Part 1 of 2)	
Management's Discussion and Analysis .....	4
Government-Wide Financial Statements	
Statement of Net Position.....	13
Statement of Activities .....	15
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	22
Proprietary Funds:	
Statement of Net Position .....	23
Comparative Statements of Revenues, Expenses and Changes in Fund Net Position.....	25
Comparative Statements of Cash Flows .....	26
Notes to the Financial Statements	
Index .....	29
Notes.....	30

**TOWN OF CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
Required Supplementary Information (Part 2 of 2) Budgetary Comparison Schedule – General and Special Revenue Funds.....	45
 <b>SUPPLEMENTARY INFORMATION</b>	
Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	48
Schedule of Compensation Paid to Governing Members .....	50
Comparative Schedules of Operating Expenses – Proprietary Funds.....	51
Schedule of Findings and Responses .....	53
Summary Schedule of Prior Year Findings .....	55
Management's Corrective Action Plan.....	56

---

---

## **BASIC FINANCIAL STATEMENTS**

---

---

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

.....  
3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
[mstages@butlercpa.brcoxmail.com](mailto:mstages@butlercpa.brcoxmail.com)

*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

The Honorable Lori Ann Bell, Mayor  
and Members of the Board of Alderpersons  
Town of Clinton, Louisiana  
P. O. Box 513  
Clinton, Louisiana 70722

*Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Clinton, Louisiana as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Clinton, Louisiana's financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the component unit financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

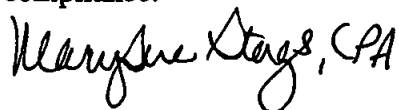
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Town of Clinton, Louisiana as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters - Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the component unit financial statements. Such information, although not a part of the component unit financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the component unit financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the component unit financial statements and other knowledge we obtained during our audit of the component unit financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2013, on our consideration of the Town of Clinton, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Clinton, Louisiana's internal control over financial reporting and compliance.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
June 12, 2013

---

---

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(PART 1 OF 2)**

---

---

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENTS' DISCUSSION AND ANALYSIS  
DECEMBER 31, 2012**

---

As management of the Town of Clinton, Louisiana (hereinafter referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2012. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

**ACCOMPLISHMENTS OVER THE PAST YEAR**

- ◆ Assets exceeded liabilities by \$3,773,480 at December 31, 2012
- ◆ The Town was able to secure \$156,068 in grants and other contributions in order to cover expenses and capital outlay related to its utility system, police protection and general government
- ◆ A new fire station was acquired during 2012

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. They are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changes during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general



**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 13-15 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street and sidewalks fund, both of which are considered to be major funds.

The Town adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The governmental funds financial statements can be found on pages 17-22 of this report.

**Proprietary funds.** The Town maintains only one type of proprietary fund – enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its utilities (water, gas and sewer). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 23-27 of this report.

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. An index to the notes to the financial statements can be found on page 29 with actual notes immediately following.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. This required supplementary information can be found immediately following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the Town's net position:

	<b>Summary of Net Position Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current and other assets	\$ 285,170.55	\$ 288,887.10
Restricted assets	338,418.48	274,739.54
Capital assets, net	<u>2,059,040.01</u>	<u>1,354,250.94</u>
Total Assets	2,682,629.04	1,917,877.58
<b>DEFERRED OUTFLOWS</b>	.00	.00
<b>LIABILITIES</b>		
Current liabilities	213,640.46	97,267.63
Long-term liabilities	<u>760,000.00</u>	<u>.00</u>
Total Liabilities	973,640.46	97,267.63
<b>DEFERRED INFLOWS</b>	<u>.00</u>	<u>.00</u>
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	1,299,040.01	1,354,250.94
Restricted	680,093.26	647,340.01
Unrestricted	<u>(270,144.69)</u>	<u>(180,981.00)</u>
Total Net Position (Deficit)	<u>1,708,988.58</u>	<u>1,820,609.95</u>

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

**Summary of Net Position  
Business-type Activities**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current and other assets	\$ 253,581.60	\$ 197,841.44
Restricted assets	4,461.11	20,800.68
Capital assets, net	<u>1,852,083.77</u>	<u>1,813,068.95</u>
 Total Assets	 2,110,126.48	 2,031,711.07
 <b>DEFERRED OUTFLOWS</b>	 .00	 .00
 <b>LIABILITIES</b>		
Current liabilities	45,634.66	50,429.31
 <b>DEFERRED INFLOWS</b>	 <u>.00</u>	 <u>.00</u>
 <b>NET POSITION</b>		
Net investment in capital assets	1,852,083.77	1,800,457.37
Restricted	4,461.11	20,800.68
Unrestricted	<u>207,946.94</u>	<u>160,023.71</u>
 Total Net Position	 <u>2,064,491.82</u>	 <u>1,981,281.76</u>

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. It is the remaining balance of net position, considered unrestricted, that may be used to meet the government's on-going obligations to citizens and creditors. At December 31, 2012, the Town had a combined unrestricted deficit of \$62,198. The Finance Committee is working closely with the Town's accountants to monitor its cash flows and to work within a budget that will produce positive changes in net position in the future.

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

A summary of changes in net position follows.

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Charges for services	\$ 298,126.83	\$ 287,081.57
Grants and Contributions:		
Operating	15,499.04	83,087.77
Capital	49,000.00	76,102.64
General Revenues:		
Licenses and permits	101,652.38	109,217.78
Franchise fees	80,951.47	110,222.63
Taxes	526,250.21	470,037.91
Interest earned	1,210.45	2,084.46
Other revenues	61,711.66	21,007.87
Transfers	<u>6,000.00</u>	<u>100,234.98</u>
Total Revenues	1,140,402.04	1,259,077.61
 <b>EXPENSES</b>		
General government	209,851.22	211,243.02
Public safety	817,052.73	807,420.41
Public works	<u>225,119.46</u>	<u>198,810.05</u>
Total Expenses	<u>1,252,023.41</u>	<u>1,217,473.48</u>
 Change in Net Position	(111,621.37)	41,604.13
 Net Position, beginning of year	<u>1,820,609.95</u>	<u>1,779,005.82</u>
 Net Position, end of year	<u><u>1,708,988.58</u></u>	<u><u>1,820,609.95</u></u>

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

**Summary of Changes in Net Position  
Business-type Activities**

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Charges for services	\$ 653,602.98	\$ 695,550.02
Grants and contributions	91,569.07	12,611.58
Other revenues/transfers, net	<u>(6,000.00)</u>	<u>(91,072.46)</u>
 Total Revenues	 739,172.05	 617,089.14
 <b>EXPENSES</b>		
Gas services	266,660.76	397,138.06
Water services	209,786.01	213,758.34
Sewer services	<u>179,515.22</u>	<u>193,330.03</u>
Total Expenses	<u>655,961.99</u>	<u>804,226.43</u>
 Change in Net Position	 83,210.06	 (187,137.29)
 Net Position, beginning of year	 <u>1,981,281.76</u>	 <u>2,168,419.05</u>
 Net Position, end of year	 <u>2,064,491.82</u>	 <u>1,981,281.76</u>

**BUDGETARY HIGHLIGHTS**

Revenues for the general fund were \$2,503 or .29% more than anticipated, a result primarily of grant awards and traffic fines. Revenues of the special revenue fund were \$86,574 or 39.48% more than expected. Insurance claims received resulted in this positive variance. Expenditures of the general fund were \$35,961 or 2.09% more than budgeted amounts. Expenditures off the special revenue fund were \$6,400 or 3.24% more than was budgeted for the year. Overall, the general and special revenue funds ended the year with an increase in fund balances of \$38,465 and \$80,174, respectively, more than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounted to \$3,911,124 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures.

The Town acquired a fire station during the year as well as a vehicle and maintenance equipment. There were also improvements to both the water and sewer systems.

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

Capital assets are detailed in the following table.

<b>Summary of Capital Assets (net of depreciation)</b>		
	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Land	\$ 1,000.00	\$ 1,000.00
Buildings	842,766.95	128,760.01
Infrastructure	1,077,970.32	1,135,678.04
Equipment	65,524.85	12,922.23
Vehicles	66,559.43	70,270.78
Furniture and fixtures	<u>5,218.46</u>	<u>5,619.88</u>
Net Capital Assets	<u>2,059,040.01</u>	<u>1,354,250.94</u>

	Business-Type Activities	
	<u>2012</u>	<u>2011</u>
Land	\$ 11,970.00	\$ 11,970.00
Buildings	88,352.27	92,835.17
Equipment	26,194.13	5,923.07
Vehicles	9,105.00	13,446.32
Utilities	<u>1,716,462.37</u>	<u>1,688,894.39</u>
Net Capital Assets	<u>1,852,083.77</u>	<u>1,813,068.95</u>

Capital asset events during the past year included the following:

- police unit fully equipped, at a cost of \$45,030
- maintenance equipment at a cost of \$45,438
- public safety equipment for the police department at a cost of \$11,670
- fire station with use of bonds totaling \$721,030
- utility equipment costing \$26,000
- water and sewer enhancements continued at \$137,234 during the current year

Of these capital investments, \$91,869 was obtained through grant funding.

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2012**

---

**Debt Administration.** At the end of the current year, the Town had no long-term debt related to its business-type activities, i.e. utilities.

In October of 2012, the Town adopted an ordinance for the issuance of \$760,000 in Limited Tax Bonds, Series 2012 for the purchase of a fire station. Repayment of these bonds will be through the levy of a special tax of 6.65 mills. The bonds will mature over nine years, beginning in 2014, at an interest rate of 2.49%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town will continue to seek grants and other contributions to fund its capital improvements as well as enhance police protection to its citizens. Policies and procedures will be thoroughly reviewed to ensure that best practices are followed that will enhance internal controls and compliance with applicable laws and regulations.

The Town will closely monitor its revenues and expenses as it works towards decreasing the negative change in net position and improving its cash flows. A plan will be developed to address the deficit net position reported in the General Fund.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 11209 Bank Street, Clinton, La. 70722, (225) 683-5531.

---

---

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

---

---



**TOWN OF CLINTON, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 94,682.35	\$ 117,190.32	\$ 211,872.67
Receivables, net	108,678.89	56,091.14	164,770.03
Due from other governmental agencies	1,309.55	-	1,309.55
Due from other funds	69,515.76	80,300.14	149,815.90
Prepaid expenses	10,984.00	-	10,984.00
Restricted assets:			
Cash and cash equivalents	243,719.42	4,461.11	248,180.53
Investments	94,699.06	-	94,699.06
Capital assets, net of depreciation	2,059,040.01	1,852,083.77	3,911,123.78
	<hr/>		
Total Assets	2,682,629.04	2,110,126.48	4,792,755.52
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
	-	-	-
<b><u>LIABILITIES</u></b>			
Accounts payable	48,167.87	29,984.56	78,152.43
Payroll related payables	15,656.69	11,188.99	26,845.68
Due to other funds	149,815.90	-	149,815.90
Payables from restricted assets:			
Customer deposits	-	4,461.11	4,461.11
Bonds payable	760,000.00	-	760,000.00
	<hr/>		
Total Liabilities	973,640.46	45,634.66	1,019,275.12
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
	-	-	-

Continued

**TOWN OF CLINTON, LOUISIANA**  
**STATEMENT OF NET POSITION (Continued)**  
**DECEMBER 31, 2012**

---

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	\$ 1,299,040.01	\$ 1,852,083.77	\$ 3,151,123.78
Retricted for:			
Customer deposits	-	4,461.11	4,461.11
Streets and sidewalks	676,194.58	-	676,194.58
Public safety	3,898.68	-	3,898.68
Unrestricted (deficit)	(270,144.69)	207,946.94	(62,197.75)
	<hr/>	<hr/>	<hr/>
Total Net Position	1,708,988.58	2,064,491.82	3,773,480.40
	<hr/>	<hr/>	<hr/>

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General government	\$ 209,851.22	\$ 16,040.00	\$ 2,613.48	\$ -	\$ (191,197.74)	\$ -	\$ (191,197.74)
Public safety	817,052.73	279,886.83	12,885.56	49,000.00	(475,280.34)	-	(475,280.34)
Public works	225,119.46	2,200.00	-	-	(222,919.46)	-	(222,919.46)
Total Governmental Activities	1,252,023.41	298,126.83	15,499.04	49,000.00	(889,397.54)	-	(889,397.54)
<b>Business-type Activities</b>							
Gas services	266,660.76	246,495.47	-	-	-	(20,165.29)	(20,165.29)
Water services	209,786.01	227,031.73	-	21,740.00	-	38,985.72	38,985.72
Sewer services	179,515.22	169,476.47	-	69,829.07	-	59,790.32	59,790.32
Late fees/penalties	-	10,599.31	-	-	-	10,599.31	10,599.31
Total Business-type Activities	655,961.99	653,602.98	-	91,569.07	-	89,210.06	89,210.06
Total Primary Government	1,907,985.40	951,729.81	15,499.04	140,569.07	(889,397.54)	89,210.06	(800,187.48)
<b>General Revenues and Transfers</b>							
Licenses and permits					101,652.38	-	101,652.38
Franchise fees					80,951.47	-	80,951.47
Taxes					526,250.21	-	526,250.21
Interest earned					1,210.45	-	1,210.45
Other revenues					61,711.66	-	61,711.66
Transfers					6,000.00	(6,000.00)	-
Total General Revenues and Transfers					777,776.17	(6,000.00)	771,776.17
Change in Net Position					(111,621.37)	83,210.06	(28,411.31)
Net Position, beginning					1,820,609.95	1,981,281.76	3,801,891.71
Net Position, ending					1,708,988.58	2,064,491.82	3,773,480.40

See Accompanying Notes and Independent Auditors' Report

---

## **FUND FINANCIAL STATEMENTS**

---

**TOWN OF CLINTON, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 94,682.35	\$ -	\$ 94,682.35
Receivables, net:			
Accounts	2,600.00	-	2,600.00
Franchise fees	21,255.89	-	21,255.89
Property taxes	35,018.85	-	35,018.85
Sales taxes	21,908.15	27,896.00	49,804.15
Due from other governmental agencies	1,309.55	-	1,309.55
Due from other funds	-	69,515.76	69,515.76
Prepaid expenses	10,984.00	-	10,984.00
Restricted assets:			
Cash and cash equivalents	-	243,719.42	243,719.42
Investments	-	94,699.06	94,699.06
<b>TOTAL ASSETS</b>	<b>187,758.79</b>	<b>435,830.24</b>	<b>623,589.03</b>

**LIABILITIES AND FUND BALANCES (DEFICIT)**

<b>Liabilities</b>			
Accounts payable	34,320.43	13,847.44	48,167.87
Payroll related payables	14,464.96	1,191.73	15,656.69
Due to other funds	149,815.90	-	149,815.90
<b>Total Liabilities</b>	<b>198,601.29</b>	<b>15,039.17</b>	<b>213,640.46</b>

Continued

**TOWN OF CLINTON, LOUISIANA  
BALANCE SHEET (Continued)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

---

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<b>Fund Balances (Deficit)</b>			
Restricted for:			
Streets and sidewalks	\$           -	\$ 420,791.07	\$ 420,791.07
Public safety	3,898.68	-	3,898.68
Unassigned	(14,741.18)	-	(14,741.18)
	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	(10,842.50)	420,791.07	409,948.57
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	187,758.79	435,830.24	623,589.03
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

---

Total Fund Balances - Total Governmental Funds	\$ 409,948.57
--	---------------

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	2,059,040.01
--	--------------

Long-term obligations incurred are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	<u>(760,000.00)</u>
--	---------------------

Total Net Position of Governmental Activities	<u><u>1,708,988.58</u></u>
---	----------------------------

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Fines and other court costs	\$ 279,886.83	\$ -	\$ 279,886.83
Franchise fees	80,951.47	-	80,951.47
Grants and donations	64,499.04	-	64,499.04
Interest	499.94	710.51	1,210.45
Intergovernmental revenues	-	2,200.00	2,200.00
Licenses and permits	101,652.38	-	101,652.38
Motor vehicle fees	16,040.00	-	16,040.00
Other revenues	9,826.15	51,885.51	61,711.66
Taxes - beer	4,032.53	-	4,032.53
Taxes - property	174,430.93	-	174,430.93
Taxes - sales	148,608.74	199,178.01	347,786.75
Total Revenues	880,428.01	253,974.03	1,134,402.04
<b><u>EXPENDITURES</u></b>			
General government	199,157.54	-	199,157.54
Public safety:			
Police	745,914.30	-	745,914.30
Fire	3,334.21	-	3,334.21
Public works	-	158,687.03	158,687.03
Capital outlay	804,281.39	45,438.00	849,719.39
Total Expenditures	1,752,687.44	204,125.03	1,956,812.47
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(872,259.43)	49,849.00	(822,410.43)



**TOWN OF CLINTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (Continued)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

---

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Bond proceeds	\$ 760,000.00	\$ -	\$ 760,000.00
Operating transfers, net	6,000.00	-	6,000.00
Total Other Financing Sources (Uses)	766,000.00	-	766,000.00
Change in Fund Balances	(106,259.43)	49,849.00	(56,410.43)
Fund Balances, beginning	95,416.93	370,942.07	466,359.00
Fund Balances (Deficit), ending	(10,842.50)	420,791.07	409,948.57

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

---

Net Change in Fund Balances - Total Governmental Funds	\$ (56,410.43)
--	----------------

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period.	704,789.06
---	------------

Governmental funds report proceeds from bonds and other like indebtedness as revenues. However, in the Statement of Activities, only the interest portion of any payments made is recognized as an expense. This is the amount of bond proceeds net of any principal payments made reported in the current year.	<u>(760,000.00)</u>
--	---------------------

Change in Net Position of Governmental Activities	<u><u>(111,621.37)</u></u>
---	----------------------------

**TOWN OF CLINTON, LOUISIANA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2012**

---

	<u>Enterprise Funds</u> <u>Utility</u>
<b><u>ASSETS</u></b>	
Current Assets	
Cash and cash equivalents	\$ 117,190.32
Receivables, net	22,876.54
Unbilled receivables	33,214.60
Due from other funds	<u>80,300.14</u>
Total Current Assets	253,581.60
Restricted Assets	
Cash and cash equivalents	<u>4,461.11</u>
Total Restricted Assets	4,461.11
Capital Assets	
Land	11,970.00
Buildings	150,545.70
Equipment	104,933.56
Vehicles	43,433.50
Gas system	1,629,985.52
Water system	1,047,647.26
Sewer system	2,205,990.85
Less: Accumulated depreciation	<u>(3,342,422.62)</u>
Net Capital Assets	<u>1,852,083.77</u>
Total Assets	2,110,126.48
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	-

**TOWN OF CLINTON, LOUISIANA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

---

	<u>Enterprise Funds</u> <u>Utility</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Payable from current assets:	
Accounts payable	\$ 29,984.56
Payroll related payables	<u>11,188.99</u>
Total Current Liabilities, Payable from Current Assets	41,173.55
Payable from restricted assets:	
Customer deposits	<u>4,461.11</u>
Total Current Liabilities, Payable from Restricted Assets	<u>4,461.11</u>
Total Current Liabilities/Total Liabilities	45,634.66
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	<u>-</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	1,852,083.77
Restricted for customer deposits	4,461.11
Unrestricted	<u>207,946.94</u>
Total Net Position	<u><u>2,064,491.82</u></u>

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Enterprise Funds	
	<u>Utility</u>	
	<u>2012</u>	<u>2011</u>
<b><u>OPERATING REVENUES</u></b>		
Gas sales and service	\$ 246,495.47	\$ 329,060.20
Water sales and service	227,031.73	201,024.31
Sewer sales and service	169,476.47	154,511.83
Late fees/penalties	10,599.31	10,953.68
Total Operating Revenues	653,602.98	695,550.02
<b><u>OPERATING EXPENSES</u></b>		
Personal services	184,140.79	328,446.50
Employee and related expenses	280,306.82	291,996.89
Occupancy	54,727.21	50,693.59
Administrative	8,668.44	12,529.50
Depreciation	128,118.73	120,559.95
Total Operating Expenses	655,961.99	804,226.43
Operating Loss	(2,359.01)	(108,676.41)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Grants and other contributions	91,569.07	12,611.58
Other revenues	-	9,162.52
Operating transfers, net	(6,000.00)	(100,234.98)
Total Non-Operating Revenues (Expenses)	85,569.07	(78,460.88)
Change in Net Position	83,210.06	(187,137.29)
Total Net Position, beginning	1,981,281.76	2,168,419.05
Total Net Position, ending	2,064,491.82	1,981,281.76

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Enterprise Funds</u>	
	<u>Utility</u>	
	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 652,263.83	\$ 719,959.05
Cash paid to employees for services	(272,058.72)	(293,501.29)
Cash paid to suppliers for goods and services	(254,881.11)	(405,346.51)
Net Cash Provided by Operating Activities	125,324.00	21,111.25
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Loans/repayments made to/from other funds	(82,170.23)	(94,096.87)
Operating transfers	(6,000.00)	9,162.52
Net Cash Used for Non-Capital Financing Activities	(88,170.23)	(84,934.35)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(167,233.55)	(10,405.22)
Cash received from grantors	91,569.07	12,611.58
Net Cash Provided by (Used for) Capital and Related Financing Activities	(75,664.48)	2,206.36
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-	-
Decrease in Cash and Cash Equivalents	(38,510.71)	(61,616.74)
Cash and Cash Equivalents, beginning	160,162.14	221,778.88
Cash and Cash Equivalents, ending	121,651.43	160,162.14
<b>CASH PRESENTATION OF STATEMENT OF NET ASSETS:</b>		
Current Assets: Cash and cash equivalents	\$ 117,190.32	
Restricted Assets: Cash and cash equivalents	4,461.11	
Cash and Cash Equivalents, end of year	121,651.43	

Continued

**TOWN OF CLINTON, LOUISIANA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Enterprise Funds</u>	
	<u>Utility</u>	
	<u>2012</u>	<u>2011</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (2,359.01)	\$ (108,676.41)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	128,118.73	120,559.95
(Increase) decrease in assets:		
Accounts receivable	2,388.84	31,679.37
Increase (decrease) in liabilities:		
Accounts payable	(7,344.67)	(13,776.92)
Payroll related payables	8,248.10	(1,504.40)
Customer deposits	(3,727.99)	(7,170.34)
Net Cash Provided by Operating Activities	<u>125,324.00</u>	<u>21,111.25</u>

See Accompanying Notes and Independent Auditors' Report

---

## **NOTES TO FINANCIAL STATEMENTS**

---



**TOWN OF CLINTON, LOUISIANA**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction.....	30
1	Summary of Significant Accounting Policies .....	30
2	Cash and Cash Equivalents .....	36
3	Receivables.....	37
4	Capital Assets .....	37
5	Intergovernmental Receivables/Payables.....	39
6	Inter-fund Transactions .....	39
7	Accounts and Other Payables.....	40
8	Retirement System.....	40
9	Levied Taxes .....	42
10	Other Post-Employment Benefits.....	42
11	Deficit Net Position/Fund Balances .....	42
12	Fire Protection .....	42
13	Related Party Transactions .....	43
14	Litigation and Claims .....	43
15	Subsequent Events.....	43

**TOWN OF CLINTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

---

**INTRODUCTION**

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Alderperson form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's court. It was also amended in 2003 to recognize duties and authority within the Police Department where the charter previously recognized a Town Marshal. This was done to be consistent with the creation of a Police Department in 1993.

The citizens of the Town elect the Mayor and five Alderpersons at large every four years. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 2,000 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 912 customers through its utility department and employs 31 persons including reserve officers.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**Government-Wide Accounting:** In accordance with Statement No. 63 of the Government Accounting Standards Board, the Town has presented a Statement of Net Position and Statement of Activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity*

Inter-fund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

*Capitalizing Assets*

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government, as its total annual revenues were less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively back to 1982, during implementation of Statement No. 34. The Town opted not to retroactively report these types of capital assets.

*Program Revenues*

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

*Direct/Indirect Expenses*

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

*Operating Revenues*

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water, gas and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

*Restricted Net Position*

Restricted net position are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net position are used.

**Fund Accounting:** The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds:** Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – the general operating fund of the Town accounting for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Proprietary Funds:** Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

**TOWN OF CLINTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

---

Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** Its type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**Budgets and Budgetary Accounting:** The Town adopts an annual budget for all of its funds prepared in accordance with the basis of accounting utilized by that fund. The Board of Alderpersons must approve any revisions that alter the total expenditures and are passed on an as-needed basis. A balanced budget is required.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Town has two certificates of deposit that were renewed in December with maturities of one year. The balances and interest rates are \$43,737.91 at 1.10% and \$50,961.15 at .70%.

**Prepaid Expenses:** Prepaid expenses include premiums paid on insurance policies for terms that extend beyond year-end. The amount reported of \$10,984 represents the unexpired terms of the Town's liability insurance.

**Restricted Assets:** Certain cash and investments are classified as restricted because law or donor restriction limits their use. Components of these at December 31, 2012, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Demand deposits		
Customer deposits	\$ .00	\$ 4,461.11
Operations	243,719.42	.00
Certificates of deposit		
Operations	<u>94,699.06</u>	<u>.00</u>
	<u>338,418.48</u>	<u>4,461.11</u>

**Capital Assets:** The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	20-50 years
Office furniture	5-7 years		

The Town's capitalization policy includes adding all assets with a value of \$1,000 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period and tracking is desired such as is the case with weapons or radio equipment. Going forward from 1999 at the time that GASB Statement No. 34 was implemented, the basic approach will be used to report governmental activities infrastructure.

**Compensated Absences:** The Town does not have any compensated absences to report.

**Long-Term Obligations:** In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**Net Position/Fund Balances:** In the Statement of Net Position, the difference between a government's assets, deferred outflows, liabilities and deferred inflows is recorded as net position. The three components of net position are as follows:

*Net Investment in Capital Assets*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted*

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These are usually restricted by external sources such as banks or by law.

*Unrestricted*

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component s of net position.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

*Non-spendable*

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

*Restricted*

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

*Committed*

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

*Assigned*

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

*Unassigned*

This category represents that portion of equity that are available for any purpose.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**Inter-fund Transactions:** All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

**Sales Taxes:** The East Feliciana Parish Police Jury levies a 5% sales tax. After deducting solid waste, school board and collection fees from the gross received, the Town receives 12.4021% of the balance. Sales taxes are dedicated for street maintenance and improvements.

**Property Taxes:** Ad valorem taxes authorized and levied for the year were 6.65 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is approximately \$8,400,000.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand (book balances) at December 31, 2012, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Petty cash	\$ 100.00	\$ .00
Demand deposits	<u>338,301.77</u>	<u>121,651.43</u>
Total	<u>338,401.77</u>	<u>121,651.43</u>

Of these amounts, \$243,719.42 and \$4,461.11 is restricted for governmental and business-type activities, respectively.

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the Town had \$582,231 in deposits (collected balances). These funds are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by participating banks.



**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**NOTE 3 – RECEIVABLES**

The following is a summary of receivables at December 31, 2012:

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 2,600.00	\$ .00	\$ 68,403.83	\$ 71,003.83
Taxes:				
Franchise	21,255.89	.00	.00	21,255.89
Property	35,018.85	.00	.00	35,018.85
Sales	21,908.15	27,896.00	.00	49,804.15
Sub-total	80,782.89	27,896.00	68,403.83	177,082.72
Less: Allowance for doubtful accounts	.00	.00	12,312.69	12,312.69
Net	<u>80,782.89</u>	<u>27,896.00</u>	<u>56,091.14</u>	<u>164,770.03</u>

Utility meters are read between the 18<sup>th</sup> and 25<sup>th</sup> of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2012, unbilled receivables were \$33,214.60. This amount is included in the table above.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2012, the allowance was estimated to be \$12,312.69 in the Enterprise Fund.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 1,000.00	\$ .00	\$ .00	\$ 1,000.00

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Buildings and improvements	236,283.71	742,579.77	.00	978,863.48
Less: accumulated depreciation	<u>107,523.70</u>	<u>28,572.83</u>	<u>.00</u>	<u>136,096.53</u>
Net Building and Improvements	128,760.01	714,006.94	.00	842,766.95
Infrastructure	1,558,108.54	.00	.00	1,558,108.54
Less: accumulated depreciation	<u>422,430.50</u>	<u>57,707.72</u>	<u>.00</u>	<u>480,138.22</u>
Net Sidewalks/Drainage	1,135,678.04	(57,707.72)	.00	1,077,970.32
Equipment	265,970.73	62,109.58	.00	328,080.31
Less: accumulated depreciation	<u>253,048.50</u>	<u>9,506.96</u>	<u>.00</u>	<u>262,555.46</u>
Net Equipment	12,922.23	52,602.62	.00	65,524.85
Vehicles	400,656.50	45,030.04	.00	445,686.54
Less: accumulated depreciation	<u>330,385.72</u>	<u>48,741.40</u>	<u>.00</u>	<u>379,127.11</u>
Net Vehicles	70,270.78	(3,711.35)	.00	66,559.43
Office furniture	8,030.55	.00	.00	8,030.55
Less: accumulated depreciation	<u>2,410.67</u>	<u>401.43</u>	<u>.00</u>	<u>2,410.67</u>
Net Office Furniture	5,619.89	(401.43)	.00	5,218.46
Total Capital Assets, being depreciated, net	<u>1,353,250.95</u>	<u>704,789.06</u>	<u>.00</u>	<u>2,058,040.01</u>
Capital Assets, net	<u>1,354,250.95</u>	<u>704,789.06</u>	<u>.00</u>	<u>2,059,040.01</u>
<b>Business-type Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 11,970.00	\$ .00	\$ .00	\$ 11,970.00
Capital Assets, being depreciated				
Buildings and improvements	150,545.70	.00	.00	150,545.70
Less: accumulated depreciation	<u>57,710.53</u>	<u>4,482.90</u>	<u>.00</u>	<u>62,193.43</u>
Net Building and Improvements	92,835.17	(4,482.90)	.00	88,352.27
Equipment	74,933.56	30,000.00	.00	104,933.56
Less: accumulated depreciation	<u>69,010.49</u>	<u>9,728.94</u>	<u>.00</u>	<u>78,739.43</u>
Net Equipment	5,923.07	20,271.06	.00	26,194.13
Vehicles	43,433.50	.00	.00	43,433.50
Less: accumulated depreciation	<u>30,087.18</u>	<u>4,241.32</u>	<u>.00</u>	<u>34,328.50</u>
Net Vehicles	13,346.32	(4,241.32)	.00	9,105.00

**TOWN OF CLINTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Gas system	1,629,985.52	.00	.00	1,629,985.52
Less: accumulated depreciation	1,028,553.55	39,750.00	.00	1,068,303.55
Net Gas System	601,431.97	(39,750.00)	.00	561,681.97
Water system	992,854.36	54,792.90	.00	1,047,647.26
Less: accumulated depreciation	317,195.62	27,979.55	.00	345,175.17
Net Water System	675,658.74	26,813.35	.00	702,472.09
Sewer system	2,123,550.20	82,440.65	.00	2,205,990.85
Less: accumulated depreciation	1,711,746.52	41,936.02	.00	1,753,682.54
Net Sewer System	411,803.68	40,504.63	.00	452,308.31
Total Capital Assets, being depreciated, net	1,801,198.95	38,914.82	.00	1,840,113.77
Capital Assets, net	1,813,168.95	38,914.82	.00	1,852,083.77

Depreciation expense was charged to governmental functions as follows:

General government	\$ 10,693.68
Public safety	67,804.22
Public works	66,432.43
Total	<u>144,930.33</u>

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES/PAYABLES**

Amounts due from other governmental agencies are as follows:

<i>General Fund</i>	
Beer tax	\$ <u>1,309.55</u>

**NOTE 6 – INTER-FUND TRANSACTIONS**

Amounts receivable and payable between funds at December 31, 2012, are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ .00	\$ 149,815.90
Special Revenue Funds	69,515.76	.00
Enterprise Fund	80,300.14	.00
Total	<u>149,815.90</u>	<u>149,815.90</u>

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

These amounts represent loans made between funds for cash flow purposes. Currently, the General Fund makes monthly payments to the Sales Tax Fund based on a plan to return these dedicated funds.

**NOTE 7 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at December 31, 2012:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Accounts	\$ 48,167.87	\$ 29,984.56	\$ 78,152.43
Payroll related	15,656.69	11,188.99	26,845.68
Customer deposits	<u>.00</u>	<u>4,461.11</u>	<u>4,461.11</u>
Total	<u>63,824.56</u>	<u>45,634.66</u>	<u>109,459.22</u>

**NOTE 8 – RETIREMENT SYSTEM**

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

**A. Municipal Employees Retirement System of Louisiana (System)**

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**TOWN OF CLINTON, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

---

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 17.08% of annual covered payroll, up from 16.41% in the prior year. The contribution requirements of plan members and the Town were established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ended December 31, 2012, 2011 and 2010, were \$21,936, \$18,278 and \$14,795, respectively, equal to the required contributions for each year.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least twelve years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year over 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their DATE of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained in writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. Currently, that rate is 29% of covered payroll, an increase from 25% in the previous year. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ended December 31, 2012, 2011 and 2010, were \$38,296, \$25,963 and \$15,289, respectively, equal to the required contributions for those years.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**NOTE 9 – LEVIED TAXES**

Property tax notices are mailed during November for the current year. Taxes become delinquent after December 31<sup>st</sup>. The Town receives its property taxes through the East Feliciana Parish Police Jury who is responsible for collections. Total assessed value of real property is \$8,387,730. The principal taxpayers for the town are:

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage</u>
Felician Bank & Trust Co.	\$ 7,459,120	17.40%
Wiltel Communications	733,220	8.74%
Landmark Bank	686,900	8.19%
Bellsouth Telecommunications	370,680	4.42%
Pac Tec	242,660	2.89%
Entergy/Gulf States	87,550	1.04%
Billy Joe & Joan B. Buzbee	83,550	1.00%
AMG, LLC	79,740	.95%
C.M.A. Ltd. Partnership	63,910	.76%
CPA Ltd. Partnership	63,270	.75%

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS**

The Town does not offer post-employment benefits to employees upon termination.

**NOTE 11 - DEFICIT NET POSITION/FUND BALANCES**

In the statement of net position, governmental activities reported an unrestricted deficit of \$270,144.69. The fund financial statements include an unassigned fund deficit of \$14,741.18 in the general fund. Management recognizes that the current year activities resulted in a deficit position for the general fund and is developing a plan to compensate for this in 2013, primarily through tighter monitoring of expenses and utilization of more efficient operating methods.

**NOTE 12 – FIRE PROTECTION**

Fire protection for the Town is provided by the Clinton Fire Department with funds received primarily through the Parish-wide Fire Protection District of East Feliciana Parish. This is a legally separate governmental agency that issues its own audited financial statements. During the year ended June 30, 2012, the Department received approximately \$101,500 in structure fees and property taxes.

**TOWN OF CLINTON, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

---

**NOTE 13 – RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure.

**NOTE 14 – LITIGATION AND CLAIMS**

There are currently no suits filed against the Town.

**NOTE 15 – SUBSEQUENT EVENTS**

There were no events subsequent to year-end and prior to the issuance of this report that would have a significant impact on the accompanying financial statements.

---

---

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(PART 2 OF 2)**

---

---



**TOWN OF CLINTON, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)	Original	Final	Amounts	Favorable (Unfavorable)
<b><u>REVENUES</u></b>								
Fines and other court costs	\$ 266,337	\$ 264,000	\$ 279,887	\$ 15,887	\$ -	\$ -	\$ -	\$ -
Franchise fees	110,000	85,000	80,951	(4,049)	-	-	-	-
Grant and donations	97,320	55,500	64,499	8,999	-	-	-	-
Interest earned	418	200	500	300	-	200	711	511
Intergovernmental	-	-	-	-	2,200	2,200	2,200	-
Licenses and permits	110,000	110,575	101,652	(8,923)	-	-	-	-
Motor vehicle fees	15,000	16,000	16,040	40	-	-	-	-
Other revenues	-	10,000	9,826	(174)	-	51,886	51,886	51,886
Taxes-beer	4,000	4,000	4,033	33	-	-	-	-
Taxes-property	180,000	182,000	174,431	(7,569)	-	-	-	-
Taxes-sales	174,543	150,650	148,609	(2,041)	150,458	165,000	199,178	34,178
Total Revenues	957,618	877,925	880,428	2,503	152,658	219,286	253,974	86,574
<b><u>EXPENDITURES</u></b>								
General government	196,754	155,400	199,158	(43,758)	-	-	-	-
Public safety:								
Police	693,112	687,526	745,914	(58,388)	-	-	-	-
Fire	29,940	1,800	3,334	(1,534)	-	-	-	-

Continued

**TOWN OF CLINTON, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE (Continued)**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2012**

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)	Original	Final	Amounts	Favorable (Unfavorable)
Public works	\$ -	\$ -	\$ -	\$ -	\$ 139,656	\$ 145,725	\$ 158,687	\$ (12,962)
Capital outlay	90,505	872,000	804,281	67,719	22,606	52,000	45,438	6,562
Total Expenditures	1,010,311	1,716,726	1,752,687	(35,961)	162,262	197,725	204,125	(6,400)
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(52,693)	(838,801)	(872,259)	38,465	(9,604)	21,561	49,849	80,174
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond proceeds	-	760,000	760,000	-	-	-	-	-
Operating transfers, net	6,000	6,000	6,000	-	-	-	-	-
Total Other Financing Sources (Uses)	6,000	766,000	766,000	-	-	-	-	-
Change in Fund Balances	(46,693)	(72,801)	(106,259)	38,465	(9,604)	21,561	49,849	80,174
Fund Balances, beginning	95,417	95,417	95,417	-	370,942	370,942	370,942	-
Fund Balances (Deficit), ending	48,724	22,616	(10,842)	38,465	361,338	392,503	420,791	80,174

See Independent Auditors' Report

---

## **SUPPLEMENTARY INFORMATION**

---

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

.....  
3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
[mstages@butlercpa.brcoxmail.com](mailto:mstages@butlercpa.brcoxmail.com)

*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER  
MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Lori Ann Bell, Mayor  
and Members of the Board of Alderpersons  
Town of Clinton, Louisiana  
P. O. Box 513  
Clinton, Louisiana 70722

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Clinton, Louisiana as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Clinton, Louisiana's financial statements, and have issued our report thereon dated June 12, 2013.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Town of Clinton, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that is required to be reported under *Government Auditing Standards* and is included as findings 2012.01 and 2012.02 in the schedule of findings and responses.

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Town of Clinton, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures

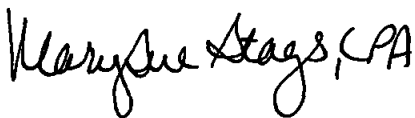
that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clinton, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Clinton, Louisiana's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
June 12, 2013

**TOWN OF CLINTON, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS**  
**YEARS ENDED DECEMBER 31, 2012**

---

The schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

**Mayor**

Don Reason	\$ 9,600.00
------------	-------------

**Board Members**

Johnny Beauchamp	6,000.00
Lori Ann Bell	6,000.00
George Kilbourne	6,000.00
Clovis Matthews	6,000.00
Lisa Davis Washington	<u>6,000.00</u>

Total Paid	<u>30,000.00</u>
------------	------------------

See Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

		Enterprise Funds	
		<u>Utility</u>	
		<u>2012</u>	<u>2011</u>
<b><u>PERSONAL SERVICES</u></b>			
Gas purchases	\$	70,275.18	\$ 138,467.31
Sewer/wastewater system expense		29,996.05	56,191.99
Water system expense		46,933.27	60,866.24
Gas system expense		10,661.66	20,165.82
Auto expense		15,992.03	18,166.73
Repairs and materials		5,994.23	28,048.26
Inspection fees/licenses		3,864.84	5,752.80
Pumpage fees		423.53	787.35
Total Personal Services		184,140.79	328,446.50
<b><u>EMPLOYEE AND RELATED EXPENSES</u></b>			
Salaries		218,330.79	220,647.05
Health insurance		20,535.40	26,199.90
Payroll taxes		17,608.29	16,565.48
Retirement		14,487.54	12,211.58
Training/seminars/travel		2,534.60	9,388.85
Uniforms		6,120.20	6,093.63
Drug testing		690.00	890.40
Total Employee and Related Expenses		280,306.82	291,996.89
<b><u>OCCUPANCY</u></b>			
Insurance		51,938.36	48,021.93
Telephone		2,127.38	1,641.95
Utilities		661.47	1,029.71
Total Occupancy		54,727.21	50,693.59
<b><u>ADMINISTRATIVE</u></b>			
Office expense		3,425.64	6,158.54
Dues and subscriptions		1,102.25	1,410.00
Professional fees		4,140.55	4,960.96
Total Administrative		8,668.44	12,529.50

Continued

**TOWN OF CLINTON, LOUISIANA**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES (Continued)**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Enterprise Funds	
	Utility	
	<u>2012</u>	<u>2011</u>
<b><u>DEPRECIATION</u></b>		
Depreciation - gas	\$ 39,750.00	\$ 39,750.00
Depreciation - water	27,979.55	25,239.90
Depreciation - sewer	41,936.02	39,875.00
Depreciation - other	18,453.16	15,695.05
Total Depreciation	128,118.73	120,559.95
<b>TOTAL OPERATING EXPENSES</b>	<b>655,961.99</b>	<b>804,226.43</b>

See Independent Auditors' Report



**TOWN OF CLINTON, LOUISIANA  
SCHEUDLE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2012**

---

We have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2012, and have issued our report thereon dated June 12, 2013. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of and for the year ended December 31, 2012, resulted in an unqualified opinion.

**Section I      Summary of Auditors' Reports**

**1.    Report on Compliance and Internal Control Material to the Financial Statements**

Internal Control	Deficiencies	■ No
	Material Weakness	■ No
Compliance	Material to F/S	■ No

**2.    Federal Awards**

Internal Control	Deficiencies	■ No
	Material Weakness	■ No
Compliance	Material to F/S	■ No

**Section II      Financial Statement Findings**

**2012.01      Compliance with Governmental Budget Act**

**Criteria.** La. R.S. 39:1301-1315, known as the Louisiana Local Government Budget Act, requires the preparation of budgets for general and special revenue funds. Budget authority may vary by no more than 5% in total or 10% per line item. Written notification must also be given to the governing body when actual beginning fund balance is used to fund current year expenditures.

**Condition.** While total expenditures did not exceed the budgeted amount by more than 5%, general government expenses were greater than budgeted amounts by 28%. The actual beginning fund balance of \$95,417 was used to fund current year activity resulting in a deficit at year-end of \$10,842.

**Effect.** The Town did not comply with the Louisiana Local Government Budget Act.

**Recommendation.** We recommend that the actual to budget comparisons be monitored on a monthly basis such that any issues with excess spending can be dealt with timely. In situations

**TOWN OF CLINTON, LOUISIANA  
SCHEUDLE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2012**

---

where actual and anticipated expenditures are nearing budgeted amounts, management should consider the cause and act accordingly.

We further recommend that a plan be developed to address the deficit fund balance in the general fund.

*Management's Response.* A new administration took office on January 1, 2013, and has already begun to address the cash flow issues that caused the fund balance deficit. An outside accountant was contracted to provide monthly oversight for financial management including monitoring the Town's budget authority.

**2012.02      Surplus Property**

*Criteria.* Property of governmental agencies must first be declared surplus property before it can be offered for sale to private citizens, usually through public auction. A sale of a firearm to a private citizen shall comply with all federal and state laws including the performance of background checks.

*Condition.* A firearm was sold to a former employee of the Town that had not been declared surplus property.

*Effect.* The Town did not comply with applicable laws governing the disposal of public property, specifically the disposal of firearms.

*Recommendation.* We recommend that management consult with legal counsel to determine options for recourse to remedy this oversight.

*Management's Response.* Management will comply with this recommendation. Additionally, written policies will be adopted to specifically address the declaration and disposal of surplus property in order to safeguard the Town's public assets.

**Section III    Federal Award Findings and Questioned Costs**

N/A

**TOWN OF CLINTON, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2012**

---

**Section I      Compliance and Internal Control Material to the Financial Statements**

N/A

**Section II      Compliance and Internal Control Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**TOWN OF CLINTON, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2012**

---

**Section I      Internal Control and Compliance Material to the Financial Statements**

**2012.01      Compliance with Governmental Budget Act**

*Finding.* General government expenditures exceeded budgeted amounts by 28% which is in excess of the 10% allowed. Additionally, actual beginning fund balances were used to fund current year activity resulting in a deficit at year-end.

*Recommendation.* (1) monitor actual to budget comparisons on a monthly basis; (2) develop a plan to address the deficit fund balance

*Actions Taken/Intended.* Please refer to management's response in the schedule of findings and responses on page 54.

While the Mayor is ultimately responsible, an outside accountant has been hired to assist with these duties.

The budget is currently being reviewed based on known facts as of the current period and will be adjusted accordingly for any shortfalls and/or deficits.

This finding is considered resolved by management.

**2012.02      Surplus Property**

*Finding.* Public property was disposed of improperly.

*Recommendation.* Consult with legal counsel on options for recourse

*Actions Taken/Intended.* Please refer to management's response in the schedule of findings and responses on page 54.

It will be the responsibility of the Mayor and Finance Committee to consult with legal counsel.

The anticipated completion date is August 31, 2013.

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A